

R277-422 RECEIVED FINAL APPROVAL BY THE UTAH STATE BOARD OF EDUCATION ON OCTOBER 1, 2010. THE AMENDED RULE IS SCHEDULED TO BE PUBLISHED IN THE NOVEMBER 1, 2010 UTAH STATE BULLETIN, SUBJECT TO A 30-DAY COMMENT PERIOD, WITH A FIRST POSSIBLE EFFECTIVE DATE OF DECEMBER 8, 2010.

R277. Education, Administration.

R277-422. State Supported Voted Leeway, Local Board-Approved Leeway and Local Board Leeway for Reading Improvement Programs.

R277-422-1. Definitions.

A. "Ad valorem property tax" means a tax based on the assessed value of real estate or personal property.

B. "Board" means the Utah State Board of Education.

C. "Common Data Committee" means a committee established by the USOE responsible to determine consensus estimates for student enrollments and assessed valuations. The Committee includes representatives from the Governor's Office of Planning and Budget, the Legislative Fiscal Analyst's Office, and the Utah State Tax Commission.

D. "Local board leeway program" or "local board-approved leeway program" means a state-supported program in which a local board authorizes a property tax levy under Section 53A-17a-134 to cover a portion of the costs within the school district's general fund of the state-supported minimum school program. The levy may require voter approval under Section 53A-17a-134(4). These funds shall be spent for class size reduction or other purposes in a district if the local board determines that the average class size in the school district is not excessive.

E. "Local board" means the school board members elected to govern a school district.

F. "Local board leeway for reading improvement" means a local board leeway program in which a local board authorizes a property tax levy under Section 53A-17a-151 to cover a portion of the costs of a school district K-3 Reading Improvement Program established in Section 53A-17a-150.

G. "State-supported" means a formula-based state contribution of money to the voted leeway program and the board-approved leeway program as defined in Section 53A-17a-133(3) and Section 53A-17a-134(2).

H. "USOE" means the Utah State Office of Education.

[E]I. "Voted leeway program" or "state-supported voted leeway program" means a state-supported program in which a property tax levy approved under Section 53A-17a-133 is authorized to cover a portion of the costs within the general fund of the state-supported minimum school program in a district.

J. "Weighted pupil unit (WPU)" means the basic per pupil unit used to calculate the amount of state funds for which a school district is eligible.

R277-422-2. Authority and Purpose.

A. This rule is authorized by Utah Constitution Article X, Section 3 which vests general control and supervision of public education in the Board, Section 53A-1-402(1)(e) which directs the Board to establish rules for school productivity and cost

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effectiveness measures, federal programs, school budget formats, and financial, statistical, and student accounting requirements, and Section 53A-1-401(3) which allows the Board to adopt rules in accordance with its responsibilities.

B. The purpose of this rule is to specify requirements, timelines, and clarifications for the state-supported voted, local board-approved, and local board leeway for reading improvement programs.

R277-422-3. Requirements and Timelines for State-Supported Voted Leeway.

A. A local board may establish a state-supported voted leeway program following an election process that approves a special tax. The election process is provided for under Section 53A-17a-133(2).

B. Local boards which have approved voted leeway programs since 1965 may set an annual fiscal year fixed tax rate levy for the voted leeway equal to or less than the levy authorized by the election.

C. Effective January 1, 2007, a school district may budget an increased amount of ad valorem property tax revenue from a voted leeway in addition to revenue from new growth without required compliance with the advertisement requirements if the voted leeway is or was approved:

- (1) on or after January 1, 2003; ~~[-and]~~
- (2) within the four-year period immediately preceding the year in which the school district seeks to budget an increased amount of ad valorem property tax ~~[-]; and~~
- (3) for a voted leeway approved or modified on or after January 1, 2009, the proposition submitted to the electors contains the following statement:

A vote in favor of this tax means that (name of school district) may increase revenue from this property tax without advertising the increase for the next five years.

D. Effective January 1, 2007, a school district may levy a tax rate without having to comply with the advertisement requirements of Section ~~[s]~~ 59-2-~~[918 and]~~ 919 if:

- (1) the levy exceeds the certified tax rate as the result of a school district budgeting an increased amount of ad valorem property tax derived from a voted leeway;
- (2) the voted leeway was approved on or after January 1, 2003; ~~[-and]~~
- (3) the voted leeway was approved within the four-year period immediately preceding the year in which the school district seeks to budget an increased amount of ad valorem property tax revenue derived from the voted leeway ~~[-]; and~~
- (4) for a voted leeway approved or modified on or after January 1, 2009, the proposition submitted to the electors contains

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the following statement:

A vote in favor of this tax means that (name of school district) may increase revenue from this property tax without advertising the increase for the next five years.

E. An election to consider adoption or modification of a state-approved voted leeway program is required.

F. A local board may continue an existing state-supported voted leeway program despite a majority vote opposing a modification of the state-supported voted leeway program.

G. If adoption of a voted leeway program is contingent upon an offset reduction of other local board tax levies, the local board shall allow the electors, in a election, to reconsider modifying or discontinuing the voted leeway program prior to a subsequent increase in the certified tax rate as set by the local board.

H. The state provides state guarantee funds to support the district state-supported voted leeway according to the amount specified in Section 53A-17a-133(3) and the local board-approved leeway according to the amount specified in Section 53A-17a-134(2).

I. State and local funds received by a local board under the state-supported voted leeway program are unrestricted revenue and may be budgeted and expended within the school district's general fund as authorized by the local board.

J. In order to receive state support for an initial~~[or subsequent increase in a]~~ voted leeway tax rate, a local board shall receive voter approval no later than December 1 prior to the commencement of the fiscal year of implementation of that initial~~[or additional]~~ voted leeway tax rate.

K. If a school district qualifies for state support the year prior to an increase in its existing voted leeway tax levy; and:

(1) does not receive[s] voter approval for an increase [after December 1,] after June 30 of the previous fiscal year and before December 2 of the previous fiscal year; and

(2) intends to levy the additional rate for the fiscal year starting the following July 1~~[7]~~; then

(3) the district shall only receive state support for the existing voted leeway tax rate and not the additional voter-approved tax rate for the fiscal year commencing the following July 1, and

(4) shall receive state support for the existing and additional voter-approved tax rate for each year thereafter, as long as the district qualifies to receive state support.

R277-422-4. Local Board-Approved Leeway Requirements and Timelines.

~~[In order to receive state support for an initial or subsequent increase in a board-approved leeway tax rate, a local~~

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~~board shall approve the tax rate no later than April 1 prior to the commencement of the fiscal year of implementation of that initial or additional board leeway tax rate.]~~

The state support does not apply to a board-approved leeway in the first fiscal year the leeway is in effect unless the leeway was approved by voters under Sections 53A-17a-134(4) through (6) or an increased rate appears in the previous fiscal year.

R277-422-5. Optional Reading Improvement Levy Requirements and Timelines.

A. Local funds received by a local board under the local board leeway for reading improvement tax levy shall be used for funding the school district's K-3 Reading Improvement Program.

(1) This levy is in addition to any other tax levy or maximum tax rate; and

(2) does not require voter approval; and

(3) may be modified or terminated by a majority vote of the local board.

(4) The local board leeway for reading improvement is not a state-supported levy.

B. A local board shall establish its optional board leeway for reading improvement levy by June 1 to have the levy apply to the fiscal year beginning July 1 in that same calendar year.

C. If after 36 months of K-3 Reading Improvement Program operation, a school district fails to meet the goals stated in the district's plan for student reading proficiency improvement, as measured by gain scores, the local board shall at the next possible tax rate setting opportunity terminate its board leeway for reading improvement tax levy.

D. School districts that fail to reach their reading goals shall terminate their levy under Section 53A-17a-150(15). After a period of no less than one year, school districts that terminated their levy may present a new or revised K-3 Reading Initiative plan to the Board. Following approval by the Board, the local board may reinstate the levy at the next possible tax rate setting opportunity.

E. Funding

(1) The calculation for the K-3 Reading Achievement funding shall be consistent with Section 53A-17a-150.

(2) The following data shall be used for reading calculations:

(a) The most recent numbers of adjusted assessed valuations received by the USOE from the Common Data Committee;

(b) The previous year's tax collection rate;

(c) The previous year's number of Free and Reduced Price Meal applications; and

(d) The current fiscal year total number of WPUs received by LEAs for the basic school program.

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R277-422-6. Tax Rate Setting Schedule.

Districts shall submit all approved tax levies to county auditors before the second Tuesday in August.

KEY: education, finance

Date of Enactment or Last Substantive Amendment: [~~November 9, 2006~~]2010

Notice of Continuation: October 5, 2007

Authorizing, and Implemented or Interpreted Law: Art X Sec 3; 53A-1-402(1)(f); 53A-1-401(3); 53A-17a-133; 53A-17a-134; 53A-17a-150; 53A-17a-151; [~~59-2-918;~~] 59-2-919